

SENATOR LANDIS: Would Senator Wesely yield for a question? In reading the bill in a very similarly fashion, it strikes me that the pension funds profile will be taking on substantially greater risk with these kinds of amendments and the heavy purchase of common stock. I'm wondering what assurances that were given at the Committee that this step was a reasonable one. And number two, what practices are likely to be followed if LB 752 is passed?

SENATOR WESELY: Well, it is purely optional and it would be up to the local subdivisions retirement board to decide whether or not they did, in fact, put more money in. It is not any mandatory request for investments. But if you look at the committee statement, you'll see a number of different individuals that are now presently responsible for the investment practices for some of these subdivisions coming forward and laying out the fact that they would like this flexibility. They've done research and it was presented at the hearing that shows if they had had this option, if they could have invested in some of the equities they were looking at but had reached the limit now in the law, those retirement plans would be far better funded than they are today and without any real danger of loss. So the, the trend and the figures that they had, the research that was done was, was an indication that equities investment was safe, would provide a higher return. It was something that everybody seemed to agree would be a good idea. Now this bill doesn't go as far as what we provided for the State Investment Council under the Prudent Man Rule and that was even suggested at the hearing that let's just let them go Prudent Man and, and invest wherever they want to. There are still restrictions in the law as to what sort of things they can invest in and one of those restrictions was the equities 25 percent limit. So we don't get rid of all the other restrictions in the law about other notes they can buy and certain things that they can and can't do. We didn't eliminate that. That's all in there but just the one facet of equities investment is increased from 25 to 50 percent and from all the information we received, it would be very beneficial not only to the employees but to the employers who also supported the bill.